

OWEN HAS PLAN TO
AID FOREIGN TRADESuggests Corporation With
\$1,000,000,000 Capital to
Give Long Credits.

SEES EXCHANGE DANGER

Company Would Be Financed
by U. S. Government, Banks
and the Public.

Special Despatch to The Sun.
WASHINGTON, May 27.—Creation of a powerful foreign finance corporation, which would extend long time credits to foreign purchasers of American goods, making a market for them and helping to stabilize exchanges is suggested in a statement issued to-night by Senator Owen (Okla.), retiring chairman of the Banking and Currency Committee. He points out the danger in the continued falling of American exchange rate for British, French and Italian money, saying that unless the rates are brought nearer to par this nation will face overproduction with no market in which to sell its surplus goods and that extension of credit to foreign buyers also will tend to restore normal conditions on the continent.

Although he does not mention the fact in his statement, it became known to-night that Senator Owen has discussed his proposal with Secretary of the Treasury Department and Gov. Harding and other members of the Federal Reserve Board. The Oklahoma Senator proposed a corporation with a \$1,000,000,000 capital, of which the United States would take \$250,000,000, the banks of the country \$250,000,000, and the public \$500,000,000. Although he has not been advised finally as to whether the government's position he was of the opinion to-night that the Federal Reserve Board is not in line with the suggestion, principally because of the financial participation of the government. Legislation to create the corporation is not likely to be introduced in the Senate soon.

Senator Owen said in his statement: "I was much pleased with Frank A. Vanderlip's speech at the Hotel Astor last night in which he emphasized the great importance of extending credit to Europe. Vanderlip is right. Europe owes to us at this moment in terms of gold or commodities for American exports.

Peace of World Threatened.

"We have billions of dollars of surplus goods which we desire to market and an enormous cotton and wheat crop, vast supplies of copper, of steel, of oil, of machinery, of manufactured goods, of primary raw materials, such as lumber and coal.

"Europe is in dire distress, and Europe with 300,000,000 people and vast resources has an enormous productive power. If society could be stabilized and men and women given the opportunity to create values by their labor they could create billions of values if employed. If not employed, Bolshevism and Socialism will grow and will affect the peace and stability of the whole world, and will have a bad effect upon conditions in America."

"If we do not sell our surplus products we will have a reaction upon the value of these commodities in America. We will have stagnation. We will have unemployment growing as a dangerous problem and exciting riots and political unrest within the United States."

"No apprehension whatever may be feared that Europe if given aid cannot repay fully and completely every dollar of credit extended. We need these credits. First, for the sake of our own commerce; second, to prevent a break in American prices; third, to prevent unemployment in America; fourth, to preserve and extend American prestige; fifth, to expand American commerce and industry; sixth, to protect our already made, which amount to \$100,000,000,000, and to secure an earlier settlement of these loans; seventh, to feed Europe and put the people there on a quicker productive basis; eighth, to avoid discontent in Europe; to establish the peace of mind of the people of Europe and therefore peace rioting, Bolshevism and political disturbances. This is the true way in which to promote international peace."

"Europe Needs America's Help."
It is even more important in establishing international peace and good will. It will be very important, of course, to declare a treaty of peace, but it is equally important to establish a basis of European security, and that such a corporation should have authority to sell its bonds secured by foreign bonds, foreign securities which are sound, as the bonds of foreign governments, foreign cities, like those of Paris, Bordeaux and Lyons, the securities of commercial syndicates engaged in certain productive enterprises backed by government securities whenever available and by the securities of well known concerns engaged in productive enterprises.

"I have seen and heard that Italian import license boards and the French import license boards are at this time rejecting imports from America, and Great Britain is pursuing the same policy, for the very sound reason that no arrangements have been made by which to extend time credits which are essential to protect these people in their purchases."

"The lack of long time loans by America to these countries has resulted in the steadily lowering of the exchange rates of Britain and France and Italy. Last week I observed that Italian exchange had dropped from the former rate of exchange of 8.16 lire to the dollar to 8.40 to the dollar, so that an Italian merchant buying American goods on this rate of exchange would be losing over 60 per cent. on each transaction. This is an impossible rate. The American merchant does not gain by this; the Italian merchant and the Italian consumer suffer a dreadful loss."

"The bankers who handle this exchange are themselves intimidated because of the exchange, due to the commodity balances which are constantly in favor of America, going constantly lower. It would be an advantage to the banker if these exchanges could be brought back to par because these banks have bought large amounts of these foreign exchanges on this low rate. They would benefit if exchange came back to par and the American merchants would benefit because there would be a very large demand then for American goods at satisfactory prices."

"The Italians would benefit because they would get the raw materials from America which would put their people to work. The Italians are not using their services and are their men unemployed because unemployment is a danger to the stability of society. The same thing is true in England and in France. America owes the highest duty to the world to now use its gigantic resources in putting the world on a sound foundation and America can by this system earn the everlasting gratitude of the world, render a world service and without any loss whatever, but with the actual material gain established itself as the great servant of mankind."

"It is obvious that America, in disposing of its great surplus by the means proposed, will do so on a basis that will make a great return to America commercially and otherwise in establishing American prestige. A failure to do this would mean a surplus back upon our own hands to our own detriment and we would be faced with a very dangerous problem of overproduction in our own country with attendant evils. The performance of this world service, therefore, is not a charity, but is a common sense business transaction vital to our own interests."

Range of prices.
October. 25.00 23.00 23.00 23.00 23.00
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January. 25.00 23.00 23.00 23.00 23.00

Ask Lower Alaska Rates.
WASHINGTON, May 27.—Increases in commodity rates between Seattle and Tacoma and cities in South and Southwest Alaska, were asked to-day by the Alaska Steamship Company in two petitions filed with the Interstate Commerce Commission.

AMERICAN WOOLLEN
SURPLUS DECLINES

Figures of 1918 Are \$5,572,527, Were \$6,844,156 in 1917, Says Report.

CASH INCREASE IS HEAVY

Company Lays Aside \$5,251,557 for Depreciation Against \$3,320,829 in 1917.

OFFER \$10,000,000
CITY OF RIO BONDS

Cuba Railroad Sells Issue of \$4,000,000 and Hale and Kilburn \$1,500,000.

The formal offering of \$10,000,000 city of Rio de Janeiro 6 per cent. serial external secured gold bonds at prices to yield approximately 6 1/2 per cent. will be made to-day. Imbrie & Co. stated yesterday that subscriptions to them in hand exceed \$20,000,000.

While the financing for the Brazilian city was the latest item announced yesterday, there was an offering by the National City Company of \$7,000,000 Trinity Buildings Corporation of New York City mortgage twenty year 5 1/2 per cent. sinking fund gold bonds at 91 1/2 and interest. In addition the Cuba Railroad sold an issue of about \$4,000,000 bonds to the National City Company, and the Hale and Kilburn company sold about \$1,500,000 bonds to Montgomery & Co. A large amount of preferred stock of an important industrial company will be taken by a local group of bankers.

A statement regarding the Rio de Janeiro financing prepared for the banks and said in part: "The offering of \$10,000,000 city of Rio de Janeiro, Brazil, 6 per cent. serial external secured bonds maturing from May 1, 1923 to 1931 inclusive by a syndicate of New York, Boston, Philadelphia and Chicago bankers headed by Imbrie & Co. on a 6 1/2 per cent. basis indicates a complete transition from a war to a peace basis of financing. These bonds are a direct obligation of the city of Rio de Janeiro and are issued under the authority of the Government of Brazil. They will be secured by a deposit of the trustee of \$3,320,829, principal amount of 4 1/2 per cent. bonds of 1912, which are secured by a lien on a property tax in force amounting annually to approximately \$1,500,000. Principal and interest are payable in gold or all Brazilian taxes, in gold in the United States."

"This financing renews the economic entente between the United States of America and the United States of Brazil that was unofficially born in 1916, when a similar group of bankers, headed by Imbrie & Co., placed successfully \$5,500,000 issue of Sao Paulo bonds at American investors."

TO STUDY EQUIPMENT PUZZLE.

Bankers' Committee to Work Out Financing Plan.

In an endeavor to solve the problem of financing the \$400,000,000 worth of railroad equipment purchased by the United States Railroad Administration, a committee of bankers, headed by Jerome J. Imbrie, president of the United States Bank, and a representative of the United States Railroad Administration, met yesterday to study the situation. The committee will discuss the situation, devise a plan and report to a subsequent meeting of the railway people.

Immediately after the meeting the following summary of the situation was issued: "A meeting of railway executives and representatives of a number of banking institutions was held yesterday at the offices of the railway executives to discuss the problem of financing the \$400,000,000 worth of railroad equipment purchased by the United States Railroad Administration. The bankers present were asked to suggest a definite plan to be submitted to the United States Railroad Administration. The committee will discuss the situation, devise a plan and report to a subsequent meeting of the railway people."

CONSOLIDATED EXCHANGE.

Transactions on the Consolidated Stock Exchange yesterday were largely of the profit taking order and a major portion of the list fell well below the day's opening figures. There were, however, notable exceptions to the reaction, any tendency chief among which was the Southern Pacific, United States Food Products, United States Rubber and Tobacco Products, all of which continued firm to the end. Southern Pacific was bid up 3 1/2 to 113 1/2, United States Food Products about 4 points to 8 1/4, United States Rubber 3 1/2 to 10 1/4, and Tobacco Products 2 1/2 to 10 1/4. The transaction shares were well maintained. Interborough Consolidated preferred closed at 27 1/2 points higher than at Monday's close, while American Tobacco closed at 22 1/2 points higher than at Monday's close. During the initial trading Standard advanced to 10 1/4 and General Motors to 20 1/4. Others of that group moved materially, most of which were lost in the final hour. The oils moved irregularly. Mexican Petroleum first rose to 18 1/4, fell to 18 1/2 and closed at 18 1/2. Royal Dutch of New York sold early at 117 1/4, from which it receded 2 points, and closed at 115 1/4. United States Steel common was under pressure for most of the day. After opening at 10 1/4 it fell 1 1/2 to 10 1/4. Early rallying carried it to 10 3/4. Early gains made in Reading, which went to 20 1/2, in Union Pacific, which rose to 13 1/2, and in Atchafalaya, which advanced to 10 1/2, were largely swept away before the close.

COTTONSEED OIL MARKET.

The cottonseed oil market was inactive yesterday, with business again confined to the spot market. Prices were firmer and offered light, owing to strong demand in the spot market. There was in hand and recent unfavorable reports regarding the crop outlook. Local cotton oil operators were hopeful of early abandonment of the whole crop stabilization plan, and it was rumored that it may be removed by next Monday.

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Chartered 1822

The Farmers' Loan and Trust Company

Nos. 16, 18, 20 & 22 William Street

Branch Office, 475 Fifth Avenue

At Forty-first Street

New York

London Paris

Foreign Exchange

Administrator Guardian

Member Federal Reserve System and New York Clearing House

NEW YORK STOCK EXCHANGE PRICES.

(Continued from Preceding Page.)

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